

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 SSO-00

INRE-00 SS-15 NSC-05 NSCE-00 /093 W

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PASS TREASURY, FRB, CEA FOR GREENSPAN

E.O. 11652: N/A

TAGS: ECON, OECD

SUBJECT: EPC AGENDA: PROPOSED PROCEDURAL INNOVATIONS

REF: (A) KORP/PREEG LETTER, FEBRUARY 18

1. SUMMARY: SECRETARIAT PROPOSES TO MAKE SOME INNOVATIONS IN PROCEDURE FOR MARCH 6-7 EPC MEETING IN HOPE OF STIMULATING MORE LIVELY AND USEFUL DISCUSSION OF POLICY ISSUES. MAIN SUGGESTIONS ARE (A) THAT EPC CONCENTRATE DISCUSSION ON DOMESTIC DEMAND SITUATION AND POLICIES OF MAJOR SEVEN COUNTRIES ONLY; (B) THAT SELECTED COUNTRY DELEGATES COME PREPARED WITH COMMENTS AND QUESTIONS ON AT LEAST TWO MAJOR COUNTRIES (GERMANY AND JAPAN ARE SUGGESTED FOR U.S.); AND (C) THAT SMALLER COUNTRIES LIMIT THEIR COMMENTS TO DEVELOPMENTS IN MAJOR SEVEN COUNTRIES. THESE SECRETARIAT PROPOSALS APPEAR TO BE FIRST RESPONSE TO IDEAS ON POSSIBLE EPC PROCEDURAL REFORMS INFORMALLY DISCUSSED BY MISSION OFFICERS. MISSION BELIEVES, HOWEVER, THAT MORE COMPREHENSIVE EXCHANGE OF VIEWS ON PROCEDURES ALONG LINES SUGGESTED

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REF A WOULD BE USEFUL. ELECTION OF CHAIRMAN OF EPC

AND ITS SUB-GROUPS POSTPONED UNTIL NEXT MEETING.  
ACTION REQUESTED: PLEASE ADVISE WHETHER U.S. DELEGATION  
AGREES WITH SECRETARIAT'S SCENARIO. END SUMMARY.

2. IN HOPE OF IMPROVING INTEREST, ANALYTICAL LEVEL  
AND POLICY CONTENT OF DISCUSSION (SEE PARA 6 BELOW),  
SECRETARIAT PROPOSES TO ORGANIZE MARCH 6-7 EPC MEETING  
ALONG FOLLOWING LINES:

A) DISCUSSION OF DOMESTIC MACRO-ECONOMIC SITUATION AND  
DEMAND POLICIES WILL BE CONFINED MAINLY TO SEVEN LARGEST  
OECD COUNTRIES.

B) ANALYSIS OF EACH OF THESE SEVEN COUNTRIES WILL  
INVOLVE INITIAL BRIEF STATEMENT BY COUNTRY ON PRESENT  
MACRO-ECONOMIC SITUATION AND IDEAS CONCERNING ALTERNA-  
TIVE POLICY OPTIONS OPEN TO IT. THIS WOULD IDEALLY  
INVOLVE DISCUSSION NOT ONLY OF EXISTING POLICIES BUT  
ALSO OF RATIONALE FOR CHOOSING AMONG POLICY ALTERNATIVES  
WHICH MIGHT BE AVAILABLE AS RESPONSES TO CURRENT  
ECONOMIC PROBLEMS. FOLLOWING THIS INITIAL STATEMENT,  
THERE WILL BE DEBATE ON THAT COUNTRY BEFORE NEXT  
COUNTRY IS CALLED UPON TO MAKE STATEMENT ON ITS POLICIES.  
IT IS EXPECTED THAT U.S. WILL BE CALLED ON TO LEAD OFF  
THIS SEQUENCE.

C) IN ORDER TO HELP ASSURE THAT EPC DISCUSSION WILL  
EVOLVE IN MANNER DESIRED, SECRETARIAT IS ASKING  
DELEGATIONS FROM A FEW COUNTRIES TO COME PREPARED TO  
COMMENT AND ASK QUESTIONS AT LEAST ON POLICIES OF  
CERTAIN SPECIFIC OTHER COUNTRIES. MISSION HAS BEEN  
ASKED TO SUGGEST TO DR. GREENSPAN THAT U.S. BE PREPARED  
TO COMMENT ON JAPAN AND GERMANY. IF POSSIBLE,  
SECRETARIAT WOULD LIKE "EXAMINERS" TO EXPRESS VIEWS  
ON WHAT COUNTRIES SHOULD DO, NOT SIMPLY ASK QUESTIONS  
REGARDING POLICIES ALREADY IN PLACE. COMMENTS SHOULD  
BE LIMITED TO DOMESTIC MACRO-ECONOMIC SITUATION IN  
VIEW OF SEPARATE DISCUSSION OF B/P IN WP-3.

3. SECRETARIAT STRESSES THAT IT IS NOT TRYING TO  
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DETRACT FROM SPONTANEITY OF DEBATE BY MAKING THESE  
PROPOSALS. THEY SHOULD BE CONSIDERED AS SUGGESTIONS  
WHICH DELEGATES MAY CHOOSE TO FOLLOW AT THEIR  
DISCRETION. SECRETARIAT ALSO UNDERLINES THAT DELEGATES  
SHOULD FEEL FREE TO COMMENT ON DEVELOPMENTS IN  
COUNTRIES ADDITIONAL TO THOSE PRE-SELECTED. MAIN  
OBJECTIVE OF SECRETARIAT'S PROCEDURAL INNOVATIONS  
IS TO STIMULATE LIVELY DISCUSSION OF ISSUES, ATTEMPT TO

REDUCE TIME SPENT ON FACTUAL EXPOSITION, AND FACILITATE  
OBJECTIVE OF ARRIVING AT POSSIBLE EPC VIEW ON WHAT  
POLICY DIRECTIONS OECD'S BIG SEVEN SHOULD SEEK TO  
FOLLOW FOR NEXT SEVERAL MONTHS.

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4. WITH REGARD TO SMALL COUNTRIES, SECRETARIAT INTENDS  
TO SUGGEST, BOTH BILATERALLY AND AT FORTHCOMING  
SHORT-TERM FORECASTERS MEETING, THAT THEY LIMIT THEIR  
INTERVENTIONS IN EPC TO COMMENTS AND QUESTIONS ON LARGE  
COUNTRY PROBLEMS AND POLICIES.

5. WE UNDERSTAND THAT IN ADDITION TO U.S., SECRETARIAT  
HAS INVITED BELGIUM AND ITALY TO PREPARE COMMENTS ON  
GERMANY, AND AUSTRALIA AND U.K. TO PREPARE COMMENTS ON  
JAPAN. U.S. CAN EXPECT TO BE QUESTIONED BY FRANCE,  
CANADA AND NETHERLANDS.

6. MISSION BELIEVES THAT PROPOSALS OUTLINED PARA 2  
ABOVE CAN CONTRIBUTE TO MORE USEFUL EXCHANGE OF VIEWS

IN EPC AND SHOULD BE ENCOURAGED BY U.S. DELEGATION.  
TO EXTENT POSSIBLE, IT ALSO SEEMS APPROPRIATE FOR U.S.,  
AS FIRST COUNTRY TO SPEAK, TO HELP SET TONE FOR EPC  
BY STRESSING RATIONALE FOR OUR POLICIES AND REASONS FOR  
PREFERENCE AMONG ALTERNATIVE POLICY OPTIONS OPEN TO U.S.  
AT THIS CONJUNCTURE. THIS DOES NOT MEAN OF COURSE THAT  
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U.S. WOULD BE EXPECTED TO SIGNAL IN ADVANCE ACTUAL  
POLICIES WHICH MAY BE SELECTED, BUT WE MIGHT BE ABLE  
TO ASSESS IMPACT AND "COSTS AND BENEFITS" OF ALTERNATIVE  
POLICY SETS, INCLUDING INTERNATIONAL EFFECTS.  
SIMILARLY, U.S. COMMENTS ON JAPAN AND GERMANY MIGHT  
BEST BE DESIGNED TO ENCOURAGE DELEGATES FROM THOSE  
COUNTRIES TO IDENTIFY THEIR OWN PRIORITIES, EXPLAIN  
WHY VARIOUS POLICY OPTIONS ARE, OR ARE NOT, APPROPRIATE  
FOR THEIR COUNTRIES AND HOW THEIR POLICIES INTERACT  
WITH THE INTERNATIONAL ECONOMY.

7. SECRETARIAT'S PROPOSALS FOR CHANGES IN EPC PROCEDURES  
FOR MARCH 6-7 MEETING APPEAR TO BE BEGINNING RESPONSE TO  
INFORMAL CONVERSATIONS RECENTLY HELD BETWEEN MISSION  
OFFICERS AND SECRETARIAT (INSPIRED BY COMMENTS MADE  
BY CHAIRMAN GREENSPAN AFTER LAST EPC). THESE DISCUSSIONS  
WERE AIMED AT IDENTIFYING WAYS OF ENCOURAGING MORE  
PRODUCTIVE EXCHANGE OF IDEAS IN EPC FORUM, WHICH IN  
PAST HAS FREQUENTLY PLACED TOO GREAT EMPHASIS ON  
RECITATION OF FACTS AND FIGURES (ESPECIALLY BY SMALLER  
COUNTRIES ) AND TOO LITTLE ON POLICY. WHILE THESE  
INNOVATIONS APPEAR TO US USEFUL, MISSION BELIEVES THAT  
MORE COMPREHENSIVE EXCHANGE OF VIEWS ON IMPROVEMENTS  
IN EPC PROCEDURES AMONG EPC'S BIG SEVEN DELEGATES  
WOULD BE HELPFUL TO SET STAGE FOR LONGER-TERM  
EVALUATION OF EPC (ALONG LINES SUGGESTED IN REF A).

8. WHILE EPC WOULD NORMALLY HOLD ANNUAL ELECTION (OR  
RE-ELECTION) OF ITS OFFICERS AS WELL AS CHAIRMEN OF  
ITS SUB-GROUPS DURING FIRST MEETING OF YEAR, THIS  
ACTION HAS BEEN POSTPONED UNTIL NEXT MEETING OF EPC.  
AMONG REASONS ARE THAT LAST ELECTION TOOK PLACE DURING  
EPC MEETING IN JUNE 1974 AND THAT SECRETARIAT WANTS TO  
HAVE MORE TIME TO FIND GOOD CANDIDATE FOR CHAIRMAN OF  
WORKING PARTY 4, GIVEN THAT SLATER OF CANADA IS UNABLE  
TO SERVE.  
TURNER

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